

INTERNATIONAL CITY MANAGERS' ASSOCIATION
1313 EAST 60TH STREET - CHICAGO 37, ILLINOIS

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JOINT COLLECTION OF TAX AND WATER BILLS AND COLLECTION OF TAXES THROUGH BANKS

To what extent do cities provide for joint collection of taxes and water rents?
Would the collection of taxes through banks be advisable in a city of 15,000?

Joint Collection. Information obtained from 46 cities over 100,000 indicates that joint collection and custody of funds is a common practice. In 15 cities both taxes and water rents are collected through the same office, usually the city treasurer's or collector's, and funds turned over to the treasurer. These cities are: Atlanta, Boston, Cambridge, Camden, Flint, Grand Rapids, Jacksonville, Nashville, New York, Oklahoma City, Reading, Rochester, Springfield (Mass.), St. Louis, and Worcester. In three other cities taxes are collected by the county treasurer and water rents by the city treasurer, but the treasurer has custody of both funds. These cities are Cleveland, Minneapolis, and Salt Lake City. In 19 additional cities, collection is separate, but both funds are turned over to the treasurer. In four cities, including three with independent water boards, both collection and custody are separate. In the remaining five cities, water is supplied by private companies.

Collection Through Banks. In some cities banks have been used as agencies for the collection of taxes by installment in advance of the due date, and perhaps this plan has been confused with the collection of current taxes by banks. The latter practice, however, is not uncommon; the only reason for it is that of convenience. The practice is more necessary in large cities where many branch banks exist than it is in a city of 15,000 where most people will find the city hall as convenient as the bank.

The use of banks as collection agencies is not the answer to tax administration difficulties, which are usually due to poor administration of tax laws and to the failure of the collection officials to discharge their duties properly. Furthermore, there is a great danger that the appointment of banks as collectors may lessen the feeling of responsibility on the part of tax collecting officials. This is perhaps the most serious objection to transferring collections in whole or in part to a bank.

If for the convenience of the taxpayer it is decided to utilize banks as collection agencies, it is suggested that: (1) banks should be permitted to accept payment of taxes but should not be made the exclusive collection agencies; (2) all local banks, if more than one exists, should be made collecting agencies, and they should receive no more than a nominal sum--five cents or so for each bill--for making the collection; (3) the city should prepare the tax bills and mail or deliver them to the taxpayer--not to the bank; (4) the banks should credit the city treasurer's account daily with the amount collected and should send to the treasurer a duplicate copy of the tax bill, together with a deposit ticket properly certified.

